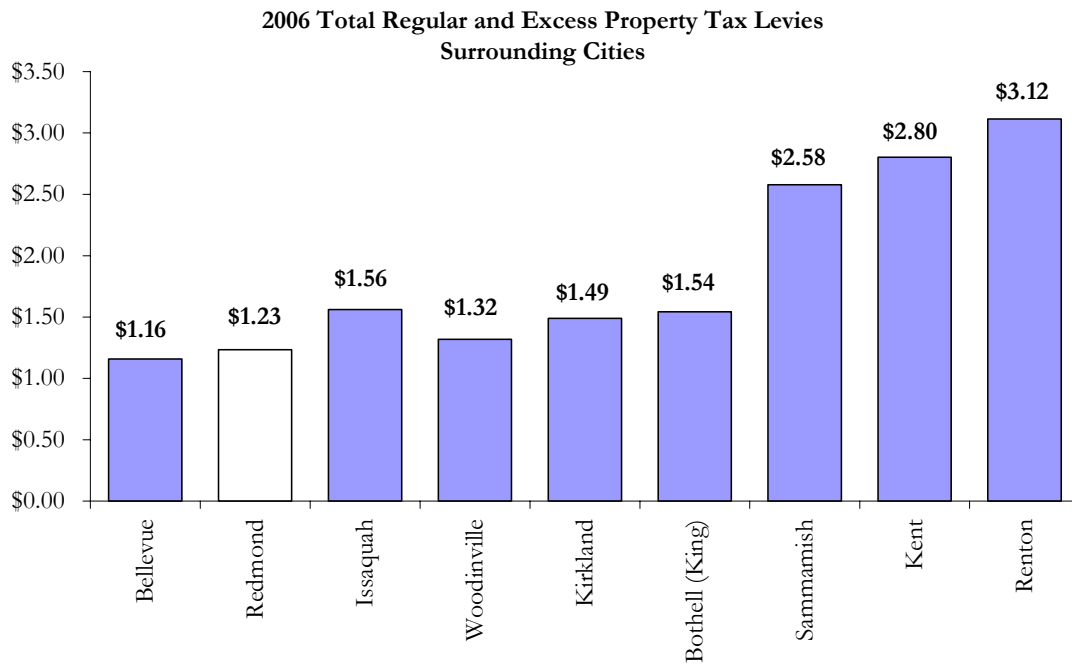


EXECUTIVE SUMMARY

HOW REDMOND COMPARES TO OTHER CITIES

Property Tax

- Redmond has one of the lowest tax rates of surrounding jurisdictions.

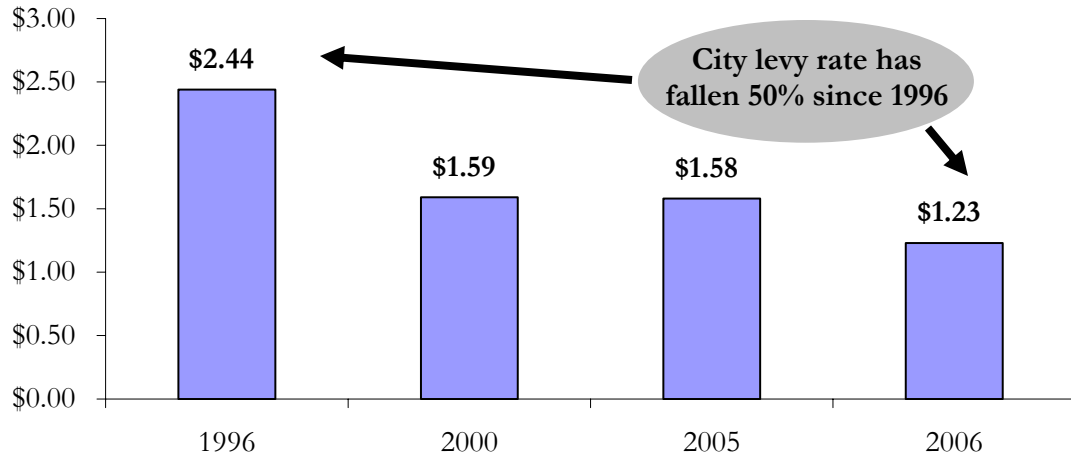


Source: King County Assessor's Office

Property Tax (cont.)

Facts about Redmond's Property Taxes

Snapshot of Redmond's Property Tax Rates 1996-2006



- For the average homeowner in Redmond, the amount paid in property taxes to the City is about the same today as it was 10 years ago, even though the value of an average home has nearly doubled.

**Comparison of Assessed Value and Taxes Paid to the City
by an Average Redmond Homeowner**

	1996	2006
Assessed value of your home	\$189,600	\$383,400
Levy rate per \$1,000 of assessed valuation	\$2.44	\$1.23
Redmond's share of property tax bill	\$463	\$472

Source: King County Assessor's Office

Home value nearly doubled

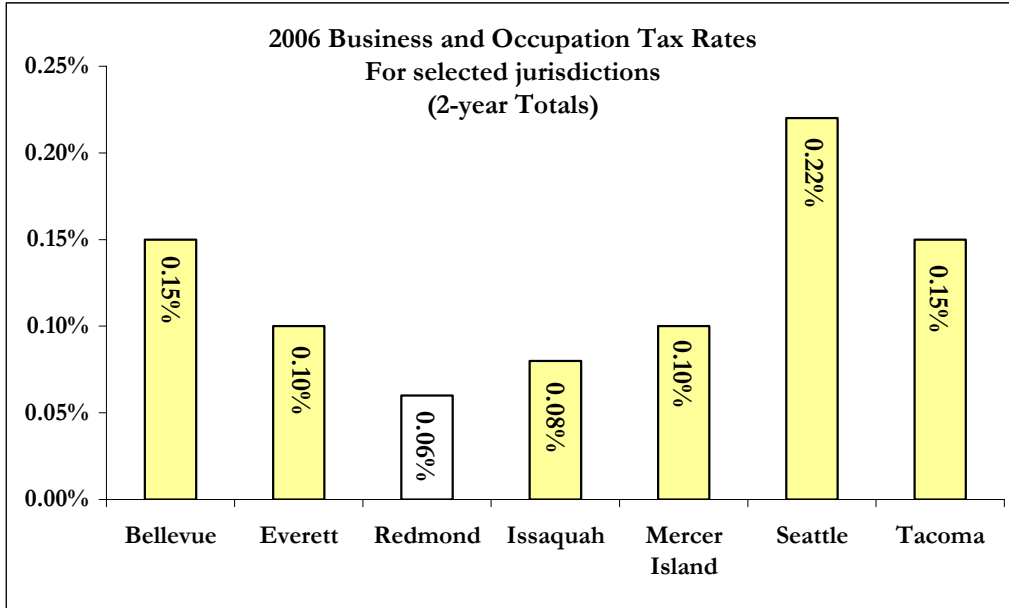
Tax rate declined 50%

Amount you pay

Business And Occupation Tax on Gross Receipts

Comparison of Business and Occupation Tax Rates

- B&O Tax is in effect for 39 cities in the State
- Of the cities surveyed, Redmond has the lowest B&O tax rate equivalent.



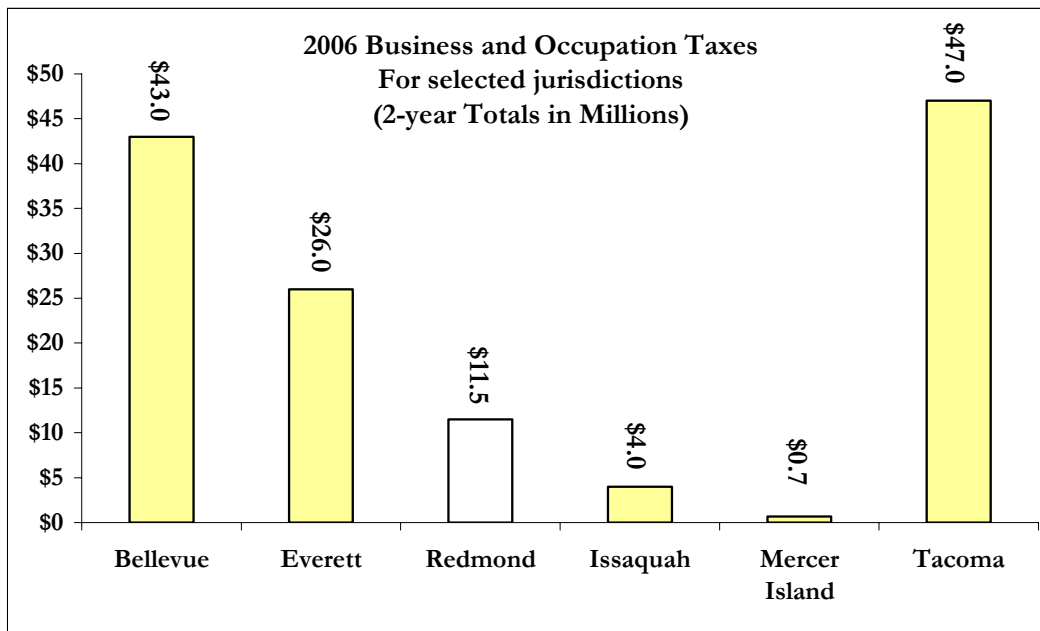
Note: Redmond and Renton levy a head tax rather than a tax on gross receipts.

- Redmond's \$83.25 head tax is equivalent to a .06% gross receipts tax and at \$90, as proposed, the equivalent is .07%.
- Renton's \$55.00 generates \$4.4 million/biennium.

Business And Occupation Tax on Gross Receipts (cont.)

Comparison of Business and Occupation Tax Revenues and Employment

- While Redmond is the fourth largest employment center (following Seattle, Bellevue and Tacoma), its business tax collections lag significantly behind other major corporate hubs.
- It should be noted that Everett has the 5th largest job base, but its B&O tax collections exceed Redmond's by \$15 million, or 126% on a biennial basis.
- Simply put, other cities which have major employment centers, tax their base more aggressively than Redmond.



Seattle, which generates \$290 million/biennium from B&O tax, is not included above because it would distort picture.

Top Five Employment Centers in Puget Sound Region

	2005 jobs	Equivalent B&O Tax Per Employee
Seattle	465,689	\$311.37
Bellevue	113,306	\$189.75
Tacoma	101,192	\$232.23
Redmond	82,073*	\$83.25
Everett	69,169	\$187.95

* Redmond's proposed tax rate for 2007-08 is \$90. Only 68,000 to 70,000 of these jobs are taxable under Redmond's current head tax.

Utility Tax

- Most cities are taxing their own utilities but Redmond and Issaquah are not.
- Taxing the water/sewer and stormwater utilities in Redmond would generate \$5.2 million biennially.

	Electricity	Telephone	Natural Gas	City Utilities
Bothell	6.0%	6.0%	6.0%	6.0%
Issaquah	6.0%	6.0%	6.0%	None
Renton	6.0%	6.0%	6.0%	6.0%
Seattle	6.0%	6.0%	6.0%	12% - 15.5%
Tacoma	6.0%	6.0%	6.0%	8.0%
Federal Way	6.0%	6.0%	6.0%	6% (SWM only)
Kirkland	6.0%	6.0%	6.0%	7.5%
Kent	6.0%	6.0%	6.0%	6.0%
Bellevue	5.0%	6.0%	5.0%	5.0%
Redmond	6.0%	6.0%	6.0%	None

Source: 2006 Association of Washington Cities Survey; City of Redmond records

How Surveyed Cities Fund Their CIP

Level of General Fund Support

- At a funding level of 14.5%, Redmond has the highest percentage of general fund money dedicated to its CIP among neighboring cities surveyed.
- Even after the 5% transfer is eliminated for 2007-2012, Redmond still dedicates more general fund money than most of the surrounding cities (1.6% - 10.5%). With the proposed budget, Redmond's new contribution would be 8.6% and second only to Kent's. However, Kent's property tax is 130% greater than Redmond's.

Cities	2006 Levy Rate	Level of Dedicated General Fund Support	Dedicated GF Description
Kirkland	1.49	1.6%	Sales tax
Woodinville	1.32	1.5%	Utility & Admission taxes
Renton	3.12	3.3%	Part of business tax
Bellevue	1.16	5.6%	5.6% of General Fund after adjusting for 50% of sales tax which is returned to the General Fund for maintenance & operations costs (sources: Sales and B&O taxes)
Kent	2.80	10.5%	Sales tax and utility tax
Redmond	1.23	14.5%	Sales tax on construction, business tax, pavement mgmt., City Hall contribution, 5% GF transfer
Redmond	1.23	8.6% (Proposed)*	Sales tax on construction, business tax, pavement mgmt., City Hall contribution

* Redmond without 5% GF Transfer for 2007-2012

Debt

- All cities use debt to finance some of their general capital projects.
- Redmond has the third lowest amount of general obligation debt as a percent of assessed value.
- Kent not only has a high level of general obligation bonds outstanding but uses local improvement district financing more extensively than Redmond. Kent has \$20.2 million of LID bonds outstanding.

Cities	General Obligation Outstanding Debt (Non-Utility) as % of Assessed Valuation
Renton	0.86%
Kent	0.70%
Bellevue	0.59%
Redmond	0.41%
Kirkland	0.30%
Woodinville	0.29%